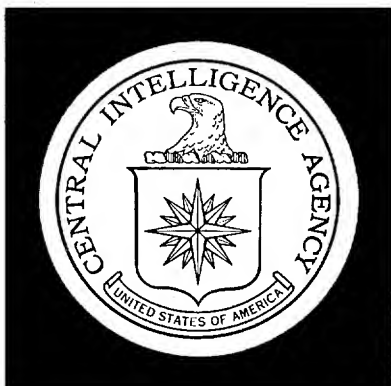


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ARGENTINA: Recent government resignations could threaten President Levingston's position.

The resignation on 8 March of Hugo Taboada, the undersecretary for political affairs in the Interior Ministry, is the latest in a series of dismissals and resignations of high-level and popular officials in the past month. Taboada cited disagreement with Levingston's handling of affairs in Cordoba, particularly the naming of an unpopular replacement for the popular Cordoba governor who resigned last month over a budgetary dispute with Levingston.

The effect of these continuing changes in the government is to create a public image of a president faced with growing strains within the country as well as serious political problems. This picture gives credibility to the rumors of a power struggle between Levingston and army commander Lanusse. Compounding the growing uncertainty in the country is the deteriorating economic situation, which has prompted the government to announce new price controls and a ceiling on wage raises currently being negotiated.

General Lanusse reiterated his support for Levingston in a speech on 2 March, but the problems caused by the new economic controls and the government changes could cause him to re-examine this position. The military cannot tolerate a serious breakdown of social order, and fear that this may be in the offing could bring increasing pressure on Lanusse to take corrective action. Any decision on this matter, however, would probably await the return from the US next Sunday of Air Force commander Rey, a member of the three-man junta that named Levingston president last June.



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URUGUAY: The Tupamaros' kidnaping of the country's attorney general yesterday was a direct counterattack on the Pacheco administration.

The terrorists have recently freed two kidnap victims after failing to gain any concessions from the government. Administration officials hoped that government operations might soon lead to the release of British Ambassador Jackson, kidnaped in January. The police, especially while operating under the emergency security measures imposed immediately after the abduction of Jackson, have been able to apprehend terrorists and uncover planned operations. On 9 March, the interior minister announced that a guerrilla plan to kidnap two of the President's children had been foiled.

The administration also has been pressing for more effective court action against imprisoned terrorists. Thus, the pickup of the nation's chief prosecuting attorney was not only a rebuttal of the administration's rising optimism but also, like several Tupamaro gambits in the past, seems intended as a warning to the judiciary and police to deal lightly with captured guerrillas. A relative of the attorney general was told that the prosecutor would be released today after "interrogation." The administration's response to the abduction will be to press even harder for the reimposition of tough security measures--a request the legislature has twice refused.

The kidnaping, the Tupamaros' eighth, occurred only a few days before the scheduled opening of a hemispheric trade meeting in Punta del Este and guarantees the terrorists another flood of publicity. The slap at the government also occurs as a movement to amend the constitution and allow Pacheco to run for a second term is gathering some strength. If Pacheco persists in a re-election bid, the possibility increases that the terrorists will use kidnapings to attempt to embarrass the government and discredit the President's hard-line approach.

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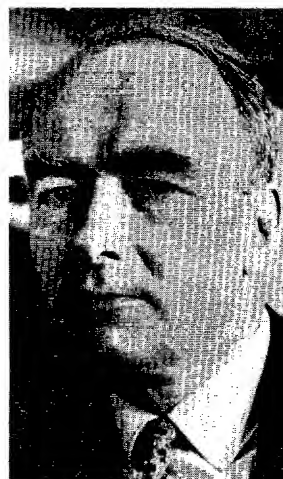
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NORWAY: Labor Party leader Trygve Bratteli has been given the mandate to form a minority government following the failure of the four center-right parties to reconstitute their coalition.

Bratteli, 61, has led the Labor Party since 1965, after more than 25 years in apprenticeship as secretary and vice chairman. His prominence in the party was sufficient ground for the Nazis to imprison him in concentration camps from 1942 to 1945. Elected to Parliament in 1949, Bratteli resigned in 1951 to become minister of finance and later minister of communications. In 1964 he resigned from the cabinet to re-enter Parliament.



Trygve Bratteli

The new government, whose membership will be made known on Monday, can count on only 74 of the 150 votes in Parliament. It can therefore be expected to follow a cautious course in its domestic and foreign policies. The Labor Party leadership is committed to Norwegian entry into the European Communities (EC), but stiff opposition among the party's youth and left wings will oblige Bratteli to move carefully. To conciliate these groups Bratteli may make such gestures as proposing recognition of North Vietnam, encouraging detente in Norway's relations with Eastern Europe, and adopting a more restrictive national policy in regard to the newly tapped oil fields in Norway's sector of the North Sea.

A reformation of the four-party bourgeois bloc is not expected soon, because of the bitterness engendered by the EC accession debate and the circumstances surrounding the fall of the Borten government. Borten's Center Party has already taken

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advantage of the breakup of the coalition to announce its opposition to EC entry, a policy flatly contradicting the stand taken by the Conservative and Liberal parties. The Christian People's Party, while not openly announcing its position, is sympathetic to the Center view. If as few as four Labor members of Parliament decide to join the Center and Christian People's parties on this issue, the necessary number to block EC entry will be attained, and the Bratteli government could be toppled.

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INDIA: Prime Minister Indira Gandhi's apparent win of a parliamentary majority has vindicated her gamble in calling national elections a year before they were constitutionally required.

Incomplete and unofficial electoral returns have already given the 53-year old prime minister an impressively strong mandate to continue her efforts toward social and economic development. Mrs. Gandhi campaigned vigorously against a four-party opposition alliance whose challenge was seriously weakened by internal bickering and by its failure in numerous constituencies to back only a single candidate.

To secure a majority in the lower house, Lok Sabha, Mrs. Gandhi's Ruling Congress Party needed 261 seats--an increase of 33 over the number held when Parliament was dissolved last December. Mrs. Gandhi was particularly anxious to free herself from the need for support of various minority parties--a dependency necessitated by the split in the Congress Party in late 1969.

She now has the assurance of parliamentary support for the programs she is expected to propose for dealing with India's monumental problems. In essence, her campaign focused on the need for a more equitable distribution of wealth and a generally better deal for the poverty-stricken masses who comprise the majority of India's 560 million population. Beyond this, however, she failed to outline the specific programs she planned to pursue.

The vote can be read as a strong vote of confidence by the young, the poor, and the minorities in Mrs. Gandhi's leadership. It is most significant as a personal victory for her, but it also endorses the Ruling Congress as India's only truly national party. The prospect is for a stronger, more stable central government with enhanced power to develop policies of moderate socialism at home while maintaining India's traditional independent foreign policy.

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CEYLON: New attacks against US personnel and property by dissident Communist revolutionaries may be imminent.

The Ceylonese Navy, which is considered a more disciplined force than the army or police, has assumed responsibility for guarding some of the US property in Colombo. The Ceylonese Government, now apparently concerned over the implications for its own security, has invoked emergency powers.

[redacted] 25X1
a group within the Ceylon Communist Party/Peking (CCP/P) was to meet yesterday to discuss possible attacks on homes of US Embassy personnel. This group has a layout of the residence of the US ambassador, who is currently in Washington. [redacted] 25X1

25X1 [redacted] a rebel group within the CCP/P was responsible for the attack on 6 March, but it is not clear whether the two groups are identical. Other revolutionary groups, which make up an amorphous "Che Guevarist movement" on the island, may try to stage incidents in attempts to outdo each other. [redacted] 25X1

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JAPAN: The Japan Communist Party (JCP) is taking a somewhat more flexible attitude in its relations with Moscow.

The JCP announced that a delegation was scheduled to depart for Moscow on 10 March to discuss the many basic ideological differences dividing the two, ending a three-year break in interparty contacts. At the same time, the JCP issued a sharp attack on Peking for "intolerable" meddling in internal Japanese politics, and specifically for trying to "destroy" the JCP. This is in line with the highly independent and nationalistic course the JCP has been pursuing, which has resulted in strained relations with both Moscow and Peking but has increased the party's popularity at home.

Moscow has invited the JCP to attend the upcoming 24th party congress, but the Japanese have reserved judgment pending the outcome of their planned preliminary talks. In view of the important domestic benefits inherent in the JCP's present independent policy, the Japanese Communists probably will be unwilling to forgo their frequent criticism of the Soviets on such issues as Japan's former northern territories. Thus, a significant improvement in relations between the JCP and Moscow would be difficult to achieve.

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GUINEA: Development of the important bauxite industry has been adversely affected by events since the Portuguese-directed attacks against Guinea last November.

Progress on the new \$185-million Boke bauxite project has been hampered by the government's tightened security measures and by its heightened suspicion of foreigners operating in Guinea. Guinean charges of West German complicity in the invasion led to a diplomatic break and expulsion of the German aid team, including four men who worked at Boke. Much of Boke's equipment is of German manufacture, and German technicians are needed to install it properly.

These developments have contributed to low morale among foreign workers throughout the bauxite industry. President Toure regards the smooth development of Boke as crucial to Guinea's economic future and probably will take steps to correct the situation. In January he intervened personally to obtain the release of expatriate workers arrested and summarily sentenced by overzealous party militants. More recently, he ordered approval of entry visas for all waiting technicians except the Germans. The general climate of suspicion remains, however, and undoubtedly will continue to cause problems between Western technicians and Guinean officials.

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EGYPT-USSR: The current visit of a high-level Egyptian economic delegation to Moscow may result in the first new Soviet economic aid in almost seven years. In addition to signing the customary extension of the long-term Soviet-Egyptian trade agreement, the Soviets may follow through on an earlier offer to support additional projects associated with the Aswan High Dam. During inauguration ceremonies in January the USSR offered to provide technical assistance for and the foreign exchange costs of a rural electrification program using power from Aswan. Moscow also offered aid for reclamation of an additional 100,000 acres of land using water stored in Lake Nasir, the Aswan reservoir. According to press reports, the delegation also will discuss various industrial projects with the Soviets. [REDACTED]

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USSR: [REDACTED] Moscow has recently been selling \$2 to \$3 million of gold per week in Basel. Although the reason for these small sales is not clear, they will offset the recent decline in hard currency earnings from sales of diamonds and platinum. By selling gold in these quantities, the Soviets have not disturbed the price of gold on the free market, which in recent weeks has been more than ten percent above the official price of \$35 per ounce. It is unlikely that Moscow intends to resume substantial sales like those that last took place in 1966. Since that time Moscow has made sporadic sales of the same magnitude as the recent transactions. [REDACTED]

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BRAZIL: The government is preparing to implement its year-old claim to a 200-mile territorial sea. A Foreign Ministry official has confirmed that a decree regulating fishing rights in the claimed area has been completed and sent to President Medici for his approval. The decree would reserve some areas basically for Brazilian fishing boats, although limited fishing in these areas would be permitted to countries willing to negotiate special arrangements with Brazil. It would open other areas to foreign fishermen who purchase relatively low-cost licenses. The official stated that Brazil hopes to avoid friction with countries not recognizing broad territorial waters claims. A formula is being sought whereby the governments of those countries that decided to negotiate fishing rights could reserve their positions on the territorial seas issue. [REDACTED]

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JAPAN: Several West European countries, including West Germany, France, and the UK, have asked Tokyo to hold talks on textile trade problems, according to press accounts from Japanese Government sources. These countries, relieved that Japan has offered to resolve the textile impasse with the US, are concerned that Japan's unilateral restraints on textile exports to the US will cause increased flows of textiles into Western Europe. They probably are anxious to receive similar guarantees. In the past several years, Japan's textile exports to Western Europe have been only about one third as large as those to the US, which amounted to \$600 million last year. Tokyo reportedly is reacting cautiously to these requests and probably will defer action until its program with the US begins. [REDACTED]

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25X1 [TURKEY: The military high command may intervene in the deteriorating political situation either directly or behind a facade of civilian rule, possibly within the next 24 hours. There is no longer any question of whether the military will intervene, but merely what form the intervention will take, [REDACTED]

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[REDACTED] The decision on what specific measures the armed forces should take was to be made at a meeting of the Command Council of the Armed Forces in Ankara yesterday. [REDACTED]

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25X1 CHILE - EAST GERMANY: The Allende government reportedly will establish diplomatic relations with East Germany within a week. A high-ranking Chilean delegation now attending the Leipzig Trade Fair will sign the agreement, and a leader of the pro-Moscow Chilean Communist Party will be named ambassador to Pankow. [REDACTED] President Allende [REDACTED] acceded to domestic and East German pressure to advance the date of recognition because he believes that his non-Communist emissary currently in Bonn can reassure West German officials that Chile wants to maintain friendly relations.

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